

04355

HUMAN RESPONSE NETWORK, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

# HUMAN RESPONSE NETWORK, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Human Response Network, Inc.  
Weaverville, California

We have audited the accompanying statement of financial position of Human Response Network, Inc. (a nonprofit organization), as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Human Response Network, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2008, on our consideration of Human Response Network, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.



Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Human Response Network, Inc. taken as a whole. The accompanying Schedule of expenditures of federal and California Department of Education awards and the supplementary information listed in the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *Audit Guide for Audits of Child Development, Nutrition and Adult Basic Education Programs* issued by the California Department of Education; and the requirements of other state agencies, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Nystrom & Company LLP*

December 10, 2008

HUMAN RESPONSE NETWORK, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2008

ASSETS

Cash	\$ 364,759
Contracts receivable	538,909
Accounts receivable	13,462
Deposits	2,362
Property and equipment, net	<u>1,879,839</u>
Total assets	<u>\$ 2,799,331</u>

LIABILITIES AND NET ASSETS

LIABILITIES:	\$ 187,267
Accounts payable	74,683
Accrued liabilities	47,851
Advances on contracts	4,650
Due to government on contract overpayments	86,818
Government contract reserves	411,031
Government-owned property and equipment	<u>608,871</u>
Loans payable	<u>1,421,171</u>
Total liabilities	

NET ASSETS:	
Unrestricted net assets:	
Unrestricted, undesignated	1,433,151
Government-owned property and equipment	<u>(411,031)</u>
Total unrestricted net assets	1,022,120
Temporarily restricted net assets	<u>356,040</u>
Total net assets	<u>1,378,160</u>
Total liabilities and net assets	<u>\$ 2,799,331</u>

The accompanying notes are an integral part  
of these financial statements.

HUMAN RESPONSE NETWORK, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

	Unrestricted	Temporarily Restricted	Total
REVENUE:			
Grants	\$ 2,807,194	\$ -	\$ 2,807,194
Program service fees	52,693	-	52,693
Food program income	14,361	-	14,361
Contributions	10,273	-	10,273
Interest income	11,859	-	11,859
Other income	7,294	-	7,294
Total revenue	<u>2,903,674</u>	<u>-</u>	<u>2,903,674</u>
EXPENSES:			
Program Services:			
Victim Services:			
Domestic violence	455,888	-	455,888
Sexual violence	30,874	-	30,874
Other	39,317	-	39,317
Total victim services	<u>526,079</u>	<u>-</u>	<u>526,079</u>
Prevention Services:			
Child abuse prevention	83,108	-	83,108
Youth services	151,752	-	151,752
Emergency services	123,509	-	123,509
Other	62,843	-	62,843
Total prevention services	<u>421,212</u>	<u>-</u>	<u>421,212</u>
Children Services:			
Subsidized child care homes	918,659	-	918,659
Center-based child care	338,320	-	338,320
Resource and referral	177,875	-	177,875
Other	49,305	-	49,305
Total children services	<u>1,484,159</u>	<u>-</u>	<u>1,484,159</u>
Total program services expenses	<u>2,431,450</u>	<u>-</u>	<u>2,431,450</u>

(Continued on following page)

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of these financial statements.

HUMAN RESPONSE NETWORK, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

	Unrestricted	Temporarily Restricted	Total
Supporting Services:			
Management and general	272,040	-	272,040
Total supporting services expenses	272,040	-	272,040
Total expenses	2,703,490	-	2,703,490
CHANGE IN NET ASSETS	200,184	-	200,184
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	821,936	356,040	1,177,976
NET ASSETS, END OF YEAR	<u>\$ 1,022,120</u>	<u>\$ 356,040</u>	<u>\$ 1,378,160</u>

The accompanying notes are an integral part  
of these financial statements.

HUMAN RESPONSE NETWORK, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2008

	Victim Services			
	Domestic Violence	Sexual Violence	Other Victim Services	Total Victim Services
Program services expenses:				
Salaries	\$ 225,205	\$ 19,783	\$ 5,545	\$ 250,533
Payroll taxes and employee benefits	70,897	6,307	1,664	78,868
Supplies	17,196	70	750	18,016
Contracts for personal services	22,862	-	25,368	48,230
Travel	14,468	289	-	14,757
Insurance	13,330	5	1,000	14,335
Utilities	16,923	135	-	17,058
Rent	28,758	1,418	-	30,176
Voucher assistance	-	-	-	-
Repairs and maintenance	5,417	-	-	5,417
Equipment	-	-	-	-
Interest expense	14,692	1,368	54	16,114
Depreciation	9,544	889	35	10,468
Other	16,596	610	4,901	22,107
Total program services expenses	455,888	30,874	39,317	526,079
Supporting services expenses:				
Salaries and related expenses	68,159	1,750	-	69,909
Depreciation	-	-	-	-
Other	8,330	111	-	8,441
Total supporting services expenses	76,489	1,861	-	78,350
Total functional expenses	\$ 532,377	\$ 32,735	\$ 39,317	\$ 604,429

(Continued on following page)

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of these financial statements.

HUMAN RESPONSE NETWORK, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2008

	Prevention Services				
	Child Abuse Prevention	Youth Services	Emergency Services	Other Prevention Services	Total Prevention Services
Program services expenses:					
Salaries	\$ 47,613	\$ 79,842	\$ 31,526	\$ 28,230	\$ 187,211
Payroll taxes and employee benefits	10,801	25,330	7,220	8,413	51,764
Supplies	2,005	6,970	4,834	2,796	16,605
Contracts for personal services	11,543	7,710	602	3,964	23,819
Travel	1,057	7,041	388	1,147	9,633
Insurance	751	3,849	2,030	1,221	7,851
Utilities	2,094	4,371	9,096	1,002	16,563
Rent	4,015	5,520	814	1,800	12,149
Voucher assistance	-	-	59,263	-	59,263
Repairs and maintenance	520	1,165	2,265	984	4,934
Equipment	-	-	-	-	-
Interest expense	1,541	3,201	1,064	1,567	7,373
Depreciation	1,001	1,319	691	1,018	4,029
Other	167	5,434	3,716	10,701	20,018
Total program services expenses	<u>83,108</u>	<u>151,752</u>	<u>123,509</u>	<u>62,843</u>	<u>421,212</u>
Supporting services expenses:					
Salaries and related expenses	7,644	22,349	1,381	4,168	35,542
Depreciation	-	-	-	-	-
Other	809	2,308	459	1,150	4,726
Total supporting services expenses	<u>8,453</u>	<u>24,657</u>	<u>1,840</u>	<u>5,318</u>	<u>40,268</u>
Total functional expenses	<u>\$ 91,561</u>	<u>\$ 176,409</u>	<u>\$ 125,349</u>	<u>\$ 68,161</u>	<u>\$ 461,480</u>

(Continued on following page)

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of these financial statements.

HUMAN RESPONSE NETWORK, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2008

	Children Services				
	Subsidized Child Care Homes	Center- Based Child Care	Resource and Referral	Other Children Services	Total Children Services
Program services expenses:					
Salaries	\$ 93,303	\$ 158,708	\$ 101,776	\$ 15,924	\$ 369,711
Payroll taxes and employee benefits	32,887	42,103	24,999	2,103	102,092
Supplies	13,331	12,758	10,280	13,806	50,175
Contracts for personal services	721,181	83,014	2,169	6,065	812,429
Travel	3,938	370	1,667	256	6,231
Insurance	7,391	1,829	3,894	1,380	14,494
Utilities	12,703	798	4,142	940	18,583
Rent	16,732	1,800	2,923	2,151	23,606
Voucher assistance	165	26,084	165	-	26,414
Repairs and maintenance	137	10,657	1,530	-	12,324
Equipment	-	-	-	-	-
Interest expense	8,371	67	9,360	-	17,798
Depreciation	5,438	44	6,064	-	11,546
Other	3,082	88	8,906	6,680	18,756
Total program services expenses	<u>918,659</u>	<u>338,320</u>	<u>177,875</u>	<u>49,305</u>	<u>1,484,159</u>
Supporting services expenses:					
Salaries and related expenses	40,617	572	32,373	8,399	81,961
Depreciation	-	-	-	-	-
Other	5,796	-	1,499	-	7,295
Total supporting services expenses	<u>46,413</u>	<u>572</u>	<u>33,872</u>	<u>8,399</u>	<u>89,256</u>
Total functional expenses	<u>\$ 965,072</u>	<u>\$ 338,892</u>	<u>\$ 211,747</u>	<u>\$ 57,704</u>	<u>\$ 1,573,415</u>

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The accompanying notes are an integral part  
of these financial statements.

HUMAN RESPONSE NETWORK, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2008

	Management and General	Total
Program services expenses:		
Salaries	\$ -	\$ 807,455
Payroll taxes and employee benefits	-	232,724
Supplies	-	84,796
Contracts for personal services	-	884,478
Travel	-	30,621
Insurance	-	36,680
Utilities	-	52,204
Rent	-	65,931
Voucher assistance	-	85,677
Repairs and maintenance	-	22,675
Equipment	-	-
Interest expense	-	41,285
Depreciation	-	26,043
Other	-	60,881
Total program services expenses	-	2,431,450
Supporting services expenses:		
Salaries and related expenses	-	187,412
Depreciation	24,560	24,560
Other	39,606	60,068
Total supporting services expenses	64,166	272,040
Total functional expenses	\$ 64,166	\$ 2,703,490

The accompanying notes are an integral part  
of these financial statements.



HUMAN RESPONSE NETWORK, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from grants	\$ 2,698,860
Cash received from program service fees	58,710
Cash received from food program income	14,361
Cash received from contributions	10,273
Cash received from interest income	11,859
Cash received from other	7,294
Cash paid to employees	(968,620)
Cash paid to others	(1,479,467)
Cash paid for interest	(41,285)
Net cash provided by operating activities	<u>311,985</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on loans payable	(22,488)
Purchase of property and equipment	<u>(160,295)</u>
Net cash used by financing activities	<u>(182,783)</u>

NET CHANGE IN CASH

129,202

CASH, BEGINNING OF YEAR, AS RESTATED

235,557

CASH, END OF YEAR

\$ 364,759

(Continued on following page)

The accompanying notes are an integral part  
of these financial statements.

HUMAN RESPONSE NETWORK, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2008

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in net assets	\$ 200,184
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	50,603
(Increase) decrease in:	
Contracts receivable	(81,240)
Accounts receivable	6,017
Prepaid and other	7,271
Deposits	(1,365)
Increase (decrease) in:	
Accounts payable	131,362
Accrued liabilities	26,247
Advances on contracts	(53,543)
Due to government on contract overpayments	(1,084)
Government contract reserves	<u>27,533</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 311,985</u></u>

The accompanying notes are an integral part  
of these financial statements.

HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1     NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Human Response Network, Inc. (the Organization), was incorporated as a nonprofit corporation in 1984 to provide educational programs for the safe shelter and assistance for victims of domestic violence. The Organization is both publicly and privately funded; the Organization has program contracts with the California Department of Education (CDE), County of Trinity, Office of Emergency Services, and Department of Health Services.

The Organization currently maintains six centers for preschool, after-school and youth located in Trinity County and operates with an annual budget of approximately \$2.4 million. The Organization also administers two child care food programs and receives funds from private donations, pledges and nonsubsidized child care fees. The Organization's primary service areas are victim services, prevention services and children services.

FINANCIAL STATEMENT PRESENTATION

The Organization's financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets based upon the existence or absence of donor-imposed restrictions, as follows:

Unrestricted net assets – Unrestricted net assets represent resources over which the Board of Directors has discretionary control and that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Grant revenues from Child Development Program (CDP) contracts, Child Nutrition Program agreements, and other government sponsored programs are restricted for specific purposes. However, revenues from these sources are not earned (and recognized in these financial statements) until expenses that accomplish the purpose restriction are incurred. Because of this, the Organization accounts for these revenues as unrestricted.

(Continued on following page)

HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES  
(Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

Temporarily restricted net assets – Temporarily restricted net assets represent resources whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization accounts for assets purchased having time restrictions as temporarily restricted.

Permanently restricted net assets – Permanently restricted net assets represent resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets.

FUND ACCOUNTING

The Organization has established separate funds to assure each program's receipts and expenditures are properly identified as required by the California Department of Education's *Audit Guide for Audits of Child Development, Nutrition and Adult Basic Education Programs*. The Organization has established separate funds for each program contract.

CASH

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

CONTRACTS RECEIVABLE/ADVANCES ON CONTRACTS

Contracts receivable represent amounts due from the Federal or California governments for reimbursement of expenditures made by the Organization under approved grant contracts. No allowance for doubtful accounts has been reflected at June 30, 2008, as management believes all amounts are fully collectible.

(Continued on following page)

HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES  
(Continued)

CONTRACTS RECEIVABLE/ADVANCES ON CONTRACTS  
(Continued)

Advances on contracts represent amounts received under contract for which the required expenditures have not been made.

ACCOUNTS RECEIVABLE

The Organization extends credit to its customers during the normal course of business. Accounts receivable are uncollateralized and are valued at cost. Any losses on uncollectible accounts receivable are recognized when such losses become known or indicated. All receivables are adjusted to net realizable value when they are determined to be delinquent based on historical experience.

The Organization maintains no allowance for doubtful accounts. Accounts receivable are charged to expense when determined by management to be uncollectible.

PROPERTY AND EQUIPMENT

Property and equipment are capitalized at cost. Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. For assets purchased with Organization funds, depreciation is computed on the straight line method over the estimated useful lives of the related assets, which range from five to thirty years. Assets purchased with governmental grant or contract funds may not be depreciated. They remain the property of the government for the life of the asset. The Organization holds these assets in trust for the government and therefore, the assets have been recorded on the statement of financial position as both an asset and a liability.

BASIS OF ACCOUNTING

The accrual basis of accounting is utilized by the Organization. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

(Continued on following page)

HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1     NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES  
(Continued)

DONATED SERVICES

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Grantee contributions (in-kind) which include volunteer time for answering calls for the crisis hot-line, are valued at \$75,187 based on volunteer time charged at a rate pursuant to related contract provisions. In addition, a number of unpaid volunteers have made significant contributions of their time to the Organization such as participation as board members, technical support, public relations assistance, and planning community-based projects. The Organization has not assigned a value to these contributions. These services did not meet the above requirement for recognition in the financial statements and, accordingly, have not been recorded.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

INCOME TAXES

The Organization has received tax exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code, and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

(Continued on following page)

HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 2 PROPERTY AND EQUIPMENT

At June 30, 2008, property and equipment consist of the following:

Land	\$ 157,235
Building and improvements	1,064,363
Vehicles and equipment	118,592
Construction in progress	<u>160,295</u>
	1,500,485
Less accumulated depreciation	<u>387,717</u>
Total unrestricted property and equipment	<u>1,112,768</u>
Land	84,000
Building	<u>272,040</u>
Total temporarily restricted property	<u>356,040</u>
Government owned equipment	<u>411,031</u>
Total property and equipment	\$ <u>1,879,839</u>

NOTE 3 ACCRUED LIABILITIES

Accrued liabilities at June 30, 2008, are as follows:

Accrued vacation	\$ 58,339
Other accrued liabilities	<u>16,344</u>
Total	\$ <u>74,683</u>

Accumulated unpaid employee vacation benefits are recognized as accrued expenses and included in liabilities. Unused benefits are payable to an employee should employment cease.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Organization since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

(Continued on following page)

HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 4      LINE OF CREDIT

The Organization has a line of credit with Scott Valley Bank secured by real property with maximum borrowings of \$150,000. Under the terms of the agreement, interest accrues at the bank's independent indexed rate (which is the lowest New York Prime Rate in effect as published by the Wall Street Journal West Coast edition) plus 1.00%. The line of credit must be renewed annually on September 10 of each year. At June 30, 2008, there was no outstanding balance.

NOTE 5      LOANS PAYABLE

At June 30, 2008, loans payable consist of the following:

Loan payable to Scott Valley Bank, collateralized by a deed of trust on real property. Monthly payments are \$527, including variable interest, due March 27, 2011. The interest rate at June 30, 2008 was 9.00%. \$   14,540

Loan payable to Rural Community Assistance Corporation, evidenced by two promissory notes. The loan is collateralized by deeds of trust on two parcels of real property. Monthly payments are \$4,146, including interest at a rate of 7.25% and 5.50%. There is a one-time interest rate adjustment for each loan (March 1, 2011 and March 1, 2021). The notes are due March 1, 2026. 481,619

Loan payable to Rural Community Assistance Corporation, collateralized by a deed on a modular building. Monthly payments are \$1,007, including interest at a rate of 7.50%. The note is due July 1, 2024. 112,712

\$ 608,871

(Continued on following page)



HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 5 LOANS PAYABLE  
(Continued)

The following is a summary of maturities due on loans payable as of June 30, 2008:

<u>Year Ended June 30,</u>	<u>Amount</u>
2009	\$ 25,219
2010	27,174
2011	27,384
2012	24,817
2013	26,653
Thereafter	<u>477,624</u>
Total loans payable	\$ <u>608,871</u>

NOTE 6 CONTINGENCIES

The Organization receives significant financial assistance from the Federal and California governments. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable Federal or California regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the Organization. As of June 30, 2008, the Organization estimates that no material liabilities will result from any such audits.

NOTE 7 STATE CHILD DEVELOPMENT RESERVES

The funding agreements with the California Department of Education (CDE) allow the Organization to record deferred revenue or "reserves" for the amounts not earned during the current year, up to certain amounts. Reserves increased \$27,533 during the year ended June 30, 2008.

(Continued on following page)

HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 8 RETIREMENT PLANS

The Organization contributes to a simplified employee pension plan. The Organization currently contributes 5.0% of annual base salary on behalf of its covered employees. The plan covers substantially all employees of the Organization who meet certain minimum service requirements. The total contributions for the year ended June 30, 2008 were \$35,743.

The Organization also offers to employees a "voluntary-only" plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code.

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2008 consist of the following:

Weaverville Transitional Housing Facility	\$ <u>356,040</u>
---	-------------------

The Weaverville Transitional Housing Facility was purchased using funds loaned from the Emergency Housing Assistance Program in October, 2004. The terms of the grant stipulate that if the facility is operated as a "transitional house" for a period of ten years the loan will be forgiven. Management intends to meet the requirements, therefore the funds were recorded as temporarily restricted grant revenue. In October, 2014, this use restriction will lapse and the asset will be released from restriction.

NOTE 10 CURRENT VULNERABILITY DUE TO CONCENTRATIONS

The Organization receives approximately 50% of its support from the State of California Department of Education (some of which is passed through from the U.S. Department of Health and Human Services). It is possible that these programs could cease, which would cause a severe impact on the Organization and its ability to continue operations. The Organization does not expect in any way that the support from these governmental agencies will be lost in the near term.

(Continued on following page)

HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 10 CURRENT VULNERABILITY DUE TO CONCENTRATIONS  
(Continued)

At June 30, 2008, the Organization has the following balances with the California Department of Education:

Contracts receivable	\$ 178,234
Due to government on contract overpayments	(4,650)
Government contract reserves	(85,163)
Advances on contracts	(27,178)

NOTE 11 CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash deposit accounts in local banks and savings and loan institutions. At times, account balances may exceed federally insured limits. The Organization has not experienced any losses on these accounts, and management believes the Organization is not exposed to any significant risk on cash accounts.

NOTE 12 PRIOR PERIOD ADJUSTMENT

In the prior year, the Organization overstated grant revenue and receivables for administrative costs allocated to grants after the completion of the grant period. In addition, the purchase of a certificate of deposit in the prior year was incorrectly credited to expense rather than reflected as a transfer. These had the effect of decreasing cash, accounts receivable and the change in unrestricted net assets by \$186,672, which is summarized as follows:

Unrestricted net asset balance, as previously reported	\$ 1,008,608
Receivables overstatement	(134,160)
Certificate of deposit overstatement	<u>(52,512)</u>
Unrestricted net asset balance, as restated	\$ <u>821,936</u>

Previously issued financial statements have been restated to correct this error.

## SUPPLEMENTARY INFORMATION

HUMAN RESPONSE NETWORK, INC.  
OCJP - PREVENTION & INTERVENTION SERVICES  
COMBINING STATEMENT OF  
REVENUES AND FUNCTIONAL EXPENSES BY GRANT  
FOR THE FISCAL/PROGRAM PERIODS ENDED JUNE 30, 2008

	100 DV07211193 <u>7/1/07 - 6/30/08</u>	100 DV07211193 IN-KIND <u>7/1/07 - 6/30/08</u>	100 DV07211193 (WITH IN-KIND) TOTAL
Grants	182,451	0	182,451
In-Kind Contributions	0	39,497	39,497
Total Revenues	<u>182,451</u>	<u>39,497</u>	<u>221,948</u>
Personal Services	134,667	39,497	174,164
Operating Expense	47,784	0	47,784
Equipment	0	0	0
Total Expenses	<u>182,451</u>	<u>39,497</u>	<u>221,948</u>
	300 RC07171193 <u>7/1/07 - 6/30/08</u>	300 RC07171193 IN-KIND <u>7/1/07 - 6/30/08</u>	300 RC07171193 (WITH IN-KIND) TOTAL
Grants	111,596	0	111,596
In-Kind Contributions	0	20,435	20,435
Total Revenues	<u>111,596</u>	<u>20,435</u>	<u>132,031</u>
Personal Services	86,096	20,435	106,531
Operating Expense	25,500	0	25,500
Equipment	0	0	0
Total Expenses	<u>111,596</u>	<u>20,435</u>	<u>132,031</u>

HUMAN RESPONSE NETWORK, INC.  
MATERNAL AND CHILD HEALTH  
STATEMENT OF REVENUES AND FUNCTIONAL EXPENSES  
FOR THE FISCAL/PROGRAM PERIOD ENDED JUNE 30, 2008

HRN FUND #:	1500
Contract #:	<u>05-45040</u>
Revenues:	
Grants	\$ 221,329
In-Kind Contributions	-
Food Program Income	-
Service Fees	-
Transferred From Reserves	-
Total Revenues	<u>\$ 221,329</u>
Expenses:	
Salaries & Wages	\$ 112,867
Employee Benefits	33,547
Operating Expenses	48,604
Capital Expenditures	-
Other Costs	15,696
Indirect Costs	10,615
Total Expenses	<u>\$ 221,329</u>

[3000] CRRP-7067	[3200] CSCC-7318	[4100] CCIP-5066	[3700] CHST-7066	[5400] CECT-5065	[6300] CIMS-7725	[6350] CCAP-7484	[6400] CIMS-7726	
Resource & Referral	School Age Resources	CCDF Infant & Toddler	Health & Safety	Exempt Care Outreach	General Instruc. Matl	Infant/Toddl er Resource	General Instruc. Matl	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,362
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,362
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,659
\$ 32,251	\$ -	\$ 6,718	\$ -	\$ 5,126	\$ -	\$ -	\$ -	\$ 86,465
\$ 53,245	\$ -	\$ 9,562	\$ -	\$ 6,977	\$ -	\$ -	\$ -	\$ 136,784
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 85,496	\$ -	\$ 16,280	\$ -	\$ 12,103	\$ -	\$ -	\$ -	\$ 241,908
\$ 8,241	\$ -	\$ 1,092	\$ -	\$ 1,105	\$ -	\$ -	\$ -	\$ 21,404
\$ 10,061	\$ -	\$ 4,193	\$ -	\$ 3,751	\$ -	\$ -	\$ -	\$ 42,388
\$ 1,353	\$ -	\$ 243	\$ -	\$ 881	\$ -	\$ -	\$ -	\$ 5,609
\$ 3,000	\$ -	\$ 392	\$ -	\$ 1,420	\$ -	\$ -	\$ -	\$ 9,799
\$ 3,347	\$ -	\$ 548	\$ -	\$ 2,022	\$ -	\$ -	\$ -	\$ 12,483
\$ 26,002	\$ -	\$ 6,468	\$ -	\$ 9,179	\$ -	\$ -	\$ -	\$ 91,683
\$ 958	\$ 1,421	\$ 623	\$ -	\$ 90	\$ 617	\$ 1,716	\$ 2,494	\$ 19,462
\$ 6,021	\$ 586	\$ 836	\$ -	\$ 514	\$ -	\$ 795	\$ -	\$ 19,151
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,087
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,979	\$ 2,007	\$ 1,459	\$ -	\$ 604	\$ 617	\$ 2,511	\$ 2,494	\$ 43,700
\$ 2,168	\$ 280	\$ -	\$ 1,065	\$ -	\$ -	\$ -	\$ -	\$ 751,956
\$ 1,415	\$ -	\$ 253	\$ 50	\$ 206	\$ -	\$ -	\$ -	\$ 5,862
\$ 8,046	\$ -	\$ -	\$ -	\$ 102	\$ -	\$ -	\$ -	\$ 9,132
\$ 3,814	\$ -	\$ 78	\$ 253	\$ 1,054	\$ -	\$ -	\$ -	\$ 13,299
\$ 5,336	\$ -	\$ -	\$ -	\$ 497	\$ -	\$ -	\$ -	\$ 13,123
\$ 5,568	\$ -	\$ -	\$ -	\$ 875	\$ -	\$ -	\$ -	\$ 25,940
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,796
\$ 861	\$ -	\$ 56	\$ -	\$ 180	\$ -	\$ -	\$ -	\$ 14,625
\$ 27,208	\$ 280	\$ 387	\$ 1,368	\$ 2,914	\$ -	\$ -	\$ -	\$ 839,733
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 24,902	\$ -	\$ -	\$ -	\$ 707	\$ -	\$ -	\$ -	\$ 60,628
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,499	\$ -	\$ -	\$ -	\$ 322	\$ -	\$ -	\$ -	\$ 1,821
\$ 26,401	\$ -	\$ -	\$ -	\$ 1,029	\$ -	\$ -	\$ -	\$ 62,449
\$ 172,086	\$ 2,287	\$ 24,594	\$ 1,368	\$ 25,829	\$ 617	\$ 2,511	\$ 2,494	\$ 1,294,836

Reported	Adjusted Oct-07	Allowed	Reported	Adjusted Nov-07	Allowed	Reported	Adjusted Dec-07	Allowed
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
732	0	732	617	0	617	494	0	494
450	0	450	363	0	363	308	0	308
129	0	129	118	0	118	78	0	78
153	0	153	136	0	136	108	0	108
1064	0	1064	844	0	844	672	0	672
739	0	739	553	0	553	462	0	462
129	0	129	118	0	118	78	0	78
196	0	196	173	0	173	132	0	132

Reported	Adjusted Apr-08	Allowed	Reported	Adjusted May-08	Allowed	Reported	Adjusted Jun-08	Allowed
526	0	526	639	0	639	57	0	57
298	0	298	334	0	334	32	0	32
85	0	85	120	0	120	20	0	20
143	0	143	185	0	185	5	0	5
572	0	572	682	0	682	52	0	52
311	0	311	340	0	340	31	0	31
85	0	85	127	0	127	18	0	18
176	0	176	215	0	215	3	0	3



HUMAN RESPONSE NETWORK, INC.  
 CHILD CARE FOOD PROGRAM - CENTERS  
 SCHEDULE OF REPORTED, ADJUSTED, AND  
 ALLOWED MEALS AND EARNED REIMBURSEMENT  
 FOR THE PERIOD OF JULY 1, 2007 TO JUNE 30, 2008  
 CONTRACT #53-2317-5-A

	Reported	Meals Adjusted	Allowed	Food Service Rates	Revenue Recognized	Audit Adjustment	Earned Reimbursement
BREAKFAST							
Free	0		0	0	0.00		0.00
Reduced	0		0	0	0.00		0.00
base	0		0	0	0.00		0.00
Total	0		0		0.00		0.00
LUNCHES							
Free	3166		3166	2.4700	7,820.02		7,820.02
Reduced	964		964	2.0700	1,995.48		1,995.48
base	1482		1482	0.2300	340.86		340.86
Total	5612		5612		10,156.36		10,156.36
SUPPLEMENTS							
Free	3846		3846	0.6800	2,615.28		2,615.28
Reduced	969		969	0.3400	329.46		329.46
base	1889		1889	0.0600	113.34		113.34
Total	6704		6704		3,058.08		3,058.08
Cash-In-Lieu			5612	0.1750	982.10	0.00	982.10
Total Federal Reimbursement					14,196.54	0.00	14,196.54
State Meal Compensation	0	0	4130	0.1634	674.84	0.00	674.84
							14,871.38

HUMAN RESPONSE NETWORK, INC.  
CHILD CARE FOOD PROGRAM - CENTERS  
SCHEDULE OF REPORTED, ADJUSTED, AND  
ALLOWED ENROLLMENT  
FOR THE PERIOD OF JULY 1, 2007 TO JUNE 30, 2008

Enrollment	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Total Reported	39	72	96	96	91	101
Allowed	39	72	96	96	91	101
Free Reported	39	58	77	76	71	81
Allowed	39	58	77	76	71	81
Reduced Reported	0	4	5	5	5	5
Allowed	0	4	5	5	5	5
Base Reported	0	10	14	15	15	15
Allowed	0	10	14	15	15	15

Enrollment	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
Total Reported	92	94	89	92	98	96
Allowed	92	94	89	92	98	96
Free Reported	72	74	70	72	78	76
Allowed	72	74	70	72	78	76
Reduced Reported	5	5	5	5	5	5
Allowed	5	5	5	5	5	5
Base Reported	15	15	14	15	15	15
Allowed	15	15	14	15	15	15

Reported	Adjusted Oct-07	Allowed	Reported	Adjusted Nov-07	Allowed	Reported	Adjusted Dec-07	Allowed
817	0	817	691		691	686		686
1205	0	1205	1094		1094	1048		1048
2290	0	2290	2094		2094	1917		1917
405	0	405	424		424	371		371
19			17			18		
20			20			18		

Reported	Adjusted Apr-08	Allowed	Reported	Adjusted May-08	Allowed	Reported	Adjusted Jun-08	Allowed
906	0	906	666	0	666	740	0	740
1373	0	1373	1101	0	1101	1320	0	1320
2261	0	2261	2011	0	2011	1884	0	1884
284	0	284	276	0	276	170	0	170

HUMAN RESPONSE NETWORK, INC.  
CHILD CARE FOOD PROGRAM - HOMES  
SCHEDULE OF REPORTED, ADJUSTED, AND  
ALLOWED MEALS AND EARNED REIMBURSEMENT  
FOR THE PERIOD OF JULY 1, 2007 TO JUNE 30, 2008  
CONTRACT #53-2317-5-F

FEDERAL REIMBURSEMENT FOR ADMINISTRATION

	Sites	Federal Reimbursement @ 97.00
July, 2007	14	1,358.00
Aug, 2007	15	1,455.00
Sept, 2007	16	1,552.00
Oct, 2007	19	1,843.00
Nov, 2007	17	1,649.00
Dec, 2007	18	1,746.00
Jan, 2008	18	1,746.00
Feb, 2008	19	1,843.00
Mar, 2008	19	1,843.00
Apr, 2008	20	1,940.00
May, 2008	20	1,940.00
June, 2008	18	1,746.00
<b>TOTAL</b>	<b>213</b>	<b>20,661.00</b>

STATE REIMBURSEMENT FOR ADMINISTRATION

	#brkfst	#lunch	total b&l	State Reimbursement @.75*.1634	State Administration 30%
July, 2007	752	1,419	2,171	266.06	79.82
Aug, 2007	719	1,280	1,999	244.98	73.49
Sept, 2007	527	848	1,375	168.51	50.55
Oct, 2007	817	1,205	2,022	247.80	74.34
Nov, 2007	691	1,094	1,785	218.75	65.63
Dec, 2007	686	1,048	1,734	212.50	63.75
Jan, 2008	771	1,186	1,957	239.83	71.95
Feb, 2008	768	1,162	1,930	236.52	70.96
Mar, 2008	706	1,093	1,799	220.47	66.14
Apr, 2008	906	1,373	2,279	279.29	83.79
May, 2008	666	1,101	1,767	216.55	64.96
June, 2008	740	1,320	2,060	252.45	75.74
<b>TOTAL</b>	<b>8,749</b>	<b>14,129</b>	<b>22,878</b>	<b>2,803.70</b>	<b>841.11</b>

[3000] CRRP-7067	[4100 A] CCIP-7066	[3700] CHST-7066	[5400] CECT-7066	[3200] CSCC-7318	[6350] CCAP-7484	[6400] CIMS-7726	TOTAL
172,086	24,594	1,368	25,829	2,287	2,511	2,949	1,253,185 1,473 2,536
<u>172,086</u>	<u>24,594</u>	<u>1,368</u>	<u>25,829</u>	<u>2,287</u>	<u>2,511</u>	<u>2,949</u>	<u>1,257,194</u>
85,496	16,281		12,102				257,272
26,002	6,469		9,178				91,685
6,814	1,458	1,065	604	2,007	2,511	2,949	39,188
							739,899
1,415	252	50	206				5,861
8,046			102				8,258
3,814	78	253	1,054				13,299
4,142			497				17,508
5,568			875				25,939
4,388	56		180	280			27,522
<u>145,684</u>	<u>24,594</u>	<u>1,368</u>	<u>24,800</u>	<u>2,287</u>	<u>2,511</u>	<u>2,949</u>	<u>1,226,431</u>
24,903			707				60,629
1,499			322				7,617
26,402			1,029				68,246
<u>172,086</u>	<u>24,594</u>	<u>1,368</u>	<u>25,829</u>	<u>2,287</u>	<u>2,511</u>	<u>2,949</u>	<u>1,294,677</u>

[4800] FIMS-4747 Fed. Instruct. Mtls	[6000] C2AP-5074 CalWorks 2&3	[6200] C3AP-5075 Alternative Pay	[6500] CCEL-5052 Centralized Eligibility	[5500] CFCC-5035 General Child Care	[3000] CRRP-5068 Resource & Referral	[5400] CECT-5065 Exempt Child Care	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

[5500] CFCC-7034	[3000] CRRP-7067	[5400] CECT-7066	
General Child Care	Resource & Referral	Exempt Child Care	Total
\$ 24,934	\$ 24,903	\$ 707	\$ 60,629
-	-	-	-
3,317	1,499	322	7,617
<u>\$ 28,251</u>	<u>\$ 26,402</u>	<u>\$ 1,029</u>	<u>\$ 68,246</u>

**AUDITED FINAL ATTENDANCE AND FISCAL REPORT  
for Child Development Programs**

Agency Name: Human Response Network Vendor No. N677

Fiscal Year Ended: June 30, 2008 Contract No. CCTR-7462

Independent Auditor's Name: Nystrom & Company LLP

SECTION I - CERTIFIED CHILDREN	EDP NO.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<b>DAYS OF ENROLLMENT</b>						
<i>Infants (up to 18 months)</i>						
Full-time-plus	101			-	2.006	-
Full-time	103			-	1.700	-
Three-quarters-time	105			-	1.275	-
One-half-time	107			-	0.935	-
<b>FCCH Infants (up to 18 months)</b>						
Full-time plus	101A	97		97	1.652	160
Full-time	103A	2,140		2,140	1.400	2,996
Three-quarters-time	105A	427		427	1.050	448
One-half-time	107A	228		228	0.770	176
<b>Toddlers (18 up to 36 months)</b>						
Full-time-plus	101B			-	1.652	-
Full-time	103B			-	1.400	-
Three-quarters-time	105B			-	1.050	-
On-half-time	107B			-	0.770	-
<b>Three Years and Older</b>						
Full-time-plus	111	-		-	1.180	-
Full-time	113	632		632	1.000	632
Three-quarters-time	115	167		167	0.750	125
One-half-time	117	860		860	0.550	473
<b>Exceptional Needs</b>						
Full-time-plus	121			-	1.416	-
Full-time	123			-	1.200	-
Three-quarters-time	125			-	0.900	-
One-half-time	127			-	0.660	-
<b>Limited and Non-English Proficient</b>						
Full-time-plus	131			-	1.298	-
Full-time	133			-	1.100	-
Three-quarters-time	135			-	0.825	-
One-half-time	137			-	0.605	-
<b>Children at Risk of Abuse or Neglect</b>						
Full-time-plus	141			-	1.298	-
Full-time	143			-	1.100	-
Three-quarters-time	145			-	0.825	-
One-half-time	147			-	0.605	-
<b>Severely Handicapped</b>						
Full-time-plus	151			-	1.770	-
Full-time	153			-	1.500	-
Three-quarters-time	155			-	1.125	-
One-half-time	157			-	0.825	-
<b>TOTAL DAYS OF ENROLLMENT</b>	190	4,551	-	4,551		5,010
<b>DAYS OF OPERATION</b>	169	248		249		
<b>DAYS OF ATTENDANCE</b>	179	4,551		4,551		

☐ NO NONCERTIFIED CHILDREN - Check this box and continue to Section III if no noncertified children were enrolled in the program.



**AUDITED FINAL ATTENDANCE AND FISCAL REPORT  
for Child Development Programs**

Agency Name: Human Response Network Vendor No. N677

Fiscal Year Ended: June 30, 2008 Contract No. CCTR-7462  
Commingled Contract No. (If Any) \_\_\_\_\_

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified but were served at the same site(s) as certified children.	EDP NO.	COLUMN A CUMULATIVE FISCAL YEAR PER AGENCY	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<b>DAYS OF ENROLLMENT</b>						
<i>Infants (up to 18 months)</i>						
Full-time-plus	201			-	2.006	-
Full-time	203			-	1.700	-
Three-quarters-time	205			-	1.275	-
One-half-time	207			-	0.935	-
<i>FCCH Infants (up to 18 months)</i>						
Full-time plus	201A			-	1.652	-
Full-time	203A			-	1.400	-
Three-quarters-time	205A			-	1.050	-
One-half-time	207A			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>						
Full-time-plus	201B			-	1.652	-
Full-time	203B			-	1.400	-
Three-quarters-time	205B			-	1.050	-
On-half-time	207B			-	0.770	-
<i>Three Years and Older</i>						
Full-time-plus	211	-		-	1.180	-
Full-time	213	48		48	1.000	48
Three-quarters-time	215	8		8	0.750	6
One-half-time	217	17		17	0.550	9
<i>Exceptional Needs</i>						
Full-time-plus	221			-	1.416	-
Full-time	223			-	1.200	-
Three-quarters-time	225			-	0.900	-
One-half-time	227			-	0.660	-
<i>Limited and Non-English Proficient</i>						
Full-time-plus	231			-	1.298	-
Full-time	233			-	1.100	-
Three-quarters-time	235			-	0.825	-
One-half-time	237			-	0.605	-
<i>Children at Risk of Abuse or Neglect</i>						
Full-time-plus	241			-	1.298	-
Full-time	243			-	1.100	-
Three-quarters-time	245			-	0.825	-
One-half-time	247			-	0.605	-
<i>Severely Handicapped</i>						
Full-time-plus	251			-	1.770	-
Full-time	253			-	1.500	-
Three-quarters-time	255			-	1.125	-
One-half-time	257			-	0.825	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>290</b>	<b>73</b>	<b>-</b>	<b>73</b>		<b>63</b>

**AUDITED FINAL ATTENDANCE AND FISCAL REPORT  
for Child Development Programs**

Agency Name: Human Response Network Vendor No. N677  
 Fiscal Year End: June 30, 2008 Contract No. CCTR-7462  
 Commingled Contract No. (If Any) \_\_\_\_\_

SECTION III - REVENUE	EDP NO.	COLUMN A	COLUMN B	COLUMN C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
CCF/National School Lunch Program	302	\$1,473		\$1,473
Restricted income for operating costs	308	0		0
Maintenance of Effort	339			0
Other (specify):	312			0
<b>SUBTOTAL</b>	310	1,473	0	1,473
TRANSFER FROM RESERVE FUND	311	0		0
FAMILY FEES FOR CERTIFIED CHILDREN				
State General Fund	329	174		174
Federal Fund	331			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS				
State General Fund	349	0		0
Federal Fund	350			0
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356	2,363		2,363
Cal Learn Program	358			0
Other (specify):	362	0	0	0
<b>TOTAL REVENUE</b>	390	\$4,010	\$0	\$4,010

**SECTION IV - EXPENSES**

REIMBURSABLE EXPENSES				
Direct Payments to Providers (FCCH Only)	401	\$83,014		\$83,014
1000 Certificated Salaries	402			0
2000 Classified Salaries	404	50,607		50,607
3000 Employee Benefits	406	13,344		13,344
4000 Books and Supplies	408	8,634		8,634
5000 Services/Other Operating Expenses	412	12,472		12,472
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Replace Equipment (program-related)	416	0		0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Start-Up/Close-Down Expenses (migrant)	449			0
Indirect Costs -- Rate %: 0.00%	459			0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			0
Other nonreimbursable expenses (specify):				
	489			0
<b>TOTAL EXPENSES</b>	490	\$168,071	\$0	\$168,071
<b>TOTAL ADMINISTRATIVE COST</b> (in Sec. IV)		\$0	\$0	\$0

Independent Auditor's Certifications on meeting the requirements of the California Department of Education, Child Development Division:

Attendance records are being maintained as required (check YES or NO):

☒ YES

☐ NO - Explain any discrepancies.

Attendance data reported in Column C of pages 1 and 2 agree with the original supporting records, such as sign-in/sign-out sheets and daily attendance records (check YES or NO):

☒ YES

☐ NO - Explain any discrepancies.

COMMENTS:

Agency Name: HUMAN RESPONSE NETWORK, INC.  
 Project Number: 53-N677-00-0  
 Program Name: GENERAL CHILD CARE CENTERS  
 SCHEDULE OF EQUIPMENT EXPENDITURES  
 JULY 1, 2007 THROUGH JUNE 30, 2008  
 Contract No: CCTR-7462 (hrn#5600)

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

**AUDITED FINAL FISCAL REPORT**  
for Alternative Payment or Family Child Care Home Programs

Agency Name: Human Response Network Vendor No. N677  
Fiscal Year End: June 30, 2008 Contract No. CAPP-7084  
Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Child Care Food/National School Lunch Program	302	\$0	\$0	\$0
Restricted income for operating costs	306	0		0
Cal Learn Program	308			0
Maintenance of Effort	339			0
Other:	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	310			0
PARENT FEES FOR CERTIFIED CHILDREN	329	7,483		7,483
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			0
NON-RESTRICTED INCOME				0
Parent fees for noncertified children	356			0
Other:	362			0
<b>TOTAL REVENUE</b>	390	\$7,483	\$0	\$7,483

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				\$274,389
Direct Payments to Providers	401	\$274,389		0
1000 Certificated Salaries	402	0		33,712
2000 Classified Salaries	404	33,712		8,229
3000 Employee Benefits	406	8,229		2,696
4000 Books and Supplies	408	2,696		19,379
5000 Services and Other Operating Expenses	412	19,379		0
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Equipment Replacement (program-related)	416	0		0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				0
6100-6500 Nonreimbursable capital outlay	479			0
Other:	489			0
<b>TOTAL EXPENSES</b>	490	\$338,405	\$0	\$338,405
TOTAL ADMINISTRATIVE COST (included above)	690	\$7,184		\$7,184
DAYS OF OPERATION	169	249		249

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report	\$ -			

**AUDITED FINAL FISCAL REPORT**  
for Alternative Payment or Family Child Care Home Programs

Agency Name: Human Response Network Vendor No. N677

Fiscal Year End: June 30, 2008 Contract No. C2AP-7073

Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Child Care Food/National School Lunch Program	302	\$0	\$0	\$0
Restricted income for operating costs	306			0
Cal Learn Program	308			0
Maintenance of Effort	339			0
Other:	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	310			0
PARENT FEES FOR CERTIFIED CHILDREN	329	0		0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			0
NON-RESTRICTED INCOME				0
Parent fees for noncertified children	356			0
Other:	362			0
<b>TOTAL REVENUE</b>	390	\$0	\$0	\$0

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				\$0
Direct Payments to Providers	401			0
1000 Certificated Salaries	402			0
2000 Classified Salaries	404			0
3000 Employee Benefits	406			0
4000 Books and Supplies	408			0
5000 Services and Other Operating Expenses	412			0
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Equipment Replacement (program-related)	416			0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				0
6100-6500 Nonreimbursable capital outlay	479			0
Other:	489			0
<b>TOTAL EXPENSES</b>	490	\$0	\$0	\$0
TOTAL ADMINISTRATIVE COST (included above)	690		\$0	\$0
<b>DAYS OF OPERATION</b>	169	249		249

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

Agency Name: HUMAN RESPONSE NETWORK, INC.

Vendor Number: 53-N677

CCDF Alternative Payment Stage 2

Contract Number: C2AP-7073

SCHEDULE OF EQUIPMENT EXPENDITURES

Project Number: 53-N677-00-9

Fiscal Year Ending June 30, 2008

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				



**AUDITED FINAL FISCAL REPORT**  
for Alternative Payment or Family Child Care Home Programs

Agency Name: Human Response Network Vendor No. N677  
Fiscal Year End: June 30, 2008 Contract No. CCEL-7052  
Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Child Care Food/National School Lunch Program	302	\$0	\$0	\$0
Restricted income for operating costs	306	0		0
Cal Learn Program	308			0
Maintenance of Effort	339			0
Other:	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	310			0
FAMILY FEES FOR CERTIFIED CHILDREN	329			
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			0
NON-RESTRICTED INCOME				0
Parent fees for noncertified children	356			0
Other:	362			0
<b>TOTAL REVENUE</b>	390	\$0	\$0	\$0

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				
Direct Payments to Providers	401	\$0	\$0	\$0
1000 Certificated Salaries	402	0		0
2000 Classified Salaries	404	3,821		3,821
3000 Employee Benefits	406	617		617
4000 Books and Supplies	408			0
5000 Services and Other Operating Expenses	412	5,715		5,715
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Equipment Replacement (program-related)	416			0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				0
6100-6500 Nonreimbursable capital outlay	479			0
Other:	489			
<b>TOTAL EXPENSES</b>	490	\$10,153	\$0	\$10,153
<b>TOTAL ADMINISTRATIVE COST</b> (included above)	690	\$0	\$0	\$0
<b>DAYS OF OPERATION</b>	169	250		250

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:



Agency Name: HUMAN RESPONSE NETWORK, INC.

Vendor Number: 53-N677

CCDF Alternative Payment Stage 2

Contract Number: CCEL-7052

SCHEDULE OF EQUIPMENT EXPENDITURES

Project Number: 53-N677-00-9

Fiscal Year Ending June 30, 2008

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

**AUDITED FINAL FISCAL REPORT**  
for Alternative Payment or Family Child Care Home Programs

Agency Name: Human Response Network Vendor No. N677  
Fiscal Year End: June 30, 2008 Contract No. C3AP-7073  
Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Child Care Food/National School Lunch Program	302	\$0	\$0	\$0
Restricted income for operating costs	306			0
Cal Learn Program	308			0
Maintenance of Effort	339			0
Other:	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	310			0
FAMILY FEES FOR CERTIFIED CHILDREN	329			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			0
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356			0
Other:	362			0
<b>TOTAL REVENUE</b>	390	\$0	\$0	\$0

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				
Direct Payments to Providers	401	\$0	\$0	\$0
1000 Certificated Salaries	402			0
2000 Classified Salaries	404			0
3000 Employee Benefits	406			0
4000 Books and Supplies	408			0
5000 Services and Other Operating Expenses	412			0
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Equipment Replacement (program-related)	416			0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			0
Other:	489			0
<b>TOTAL EXPENSES</b>	490	\$0	\$0	\$0
<b>TOTAL ADMINISTRATIVE COST</b> (included above)	690	\$0	\$0	\$0
<b>DAYS OF OPERATION</b>	169	249		249

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

Agency Name: HUMAN RESPONSE NETWORK, INC.

Vendor Number: 53-N677

CCDF Alternative Payment Stage 2

Contract Number: C3AP-7073

SCHEDULE OF EQUIPMENT EXPENDITURES

Project Number: 53-N677-00-9

Fiscal Year Ending June 30, 2008

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

**AUDITED FINAL FISCAL REPORT**  
for Alternative Payment or Family Child Care Home Programs

Agency Name: Human Response Network Vendor No. N677  
Fiscal Year End: June 30, 2008 Contract No. CFCC-7034  
Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Child Care Food/National School Lunch Program	302	\$0	\$0	\$0
Restricted income for operating costs	306			0
Cal Learn Program	308			0
Maintenance of Effort	339			0
Other:	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	310			0
PARENT FEES FOR CERTIFIED CHILDREN	329	38,021		38,021
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			0
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356			0
Other:	362			0
<b>TOTAL REVENUE</b>	390	\$38,021	\$0	\$38,021

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				
Direct Payments to Providers	401	\$382,496		\$382,496
1000 Certificated Salaries	402			0
2000 Classified Salaries	404	90,273		90,273
3000 Employee Benefits	406	27,844		27,844
4000 Books and Supplies	408	10,636		10,636
5000 Services and Other Operating Expenses	412	35,174		35,174
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Equipment Replacement (program-related)	416			0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			0
Other:	489			0
<b>TOTAL EXPENSES</b>	490	\$546,423	\$0	\$546,423
<b>TOTAL ADMINISTRATIVE COST</b> (included above)	690	\$3,463		\$3,463
<b>DAYS OF OPERATION</b>	169	249		249

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

10

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

# AUDITED FINAL FISCAL REPORT for Resource and Referral Programs

Agency Name: Human Response Network Vendor No. N677  
 Fiscal Year End: June 30, 2008 Contract No. CRRP-7067  
 Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Restricted income for operating costs	308	\$0	\$0	\$0
Maintenance of Effort	339			0
Other (Specify):	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	309			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349	0		0
NON-RESTRICTED INCOME		0		0
Other (Specify):	362			0
<b>TOTAL REVENUE</b>	390	\$0	\$0	\$0

## SECTION II - EXPENSES

REIMBURSABLE EXPENSES				\$0
1000 Certificated Salaries	402			
2000 Classified Salaries	404	110,398		110,398
3000 Employee Benefits	406	26,002		26,002
4000 Books and Supplies	408	6,814		6,814
5000 Services and Other Operating Expenses	412	28,872		28,872
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment ( <i>program-related</i> )	414			0
6500 Equipment Replacement ( <i>program-related</i> )	416	0		0
Depreciation or Use Allowance	439			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				0
6100-6500 Nonreimbursable capital outlay	479			0
Other (Specify):	489			0
<b>TOTAL EXPENSES</b>	490	\$172,086	\$0	\$172,086

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

Agency Name: HUMAN RESPONSE NETWORK, INC.

Vendor Number: 53-N677

Program Name: Resource & Referral

Contract Number: CRRP-7067

SCHEDULE OF EQUIPMENT EXPENDITURES

Project Number: 53-N677-00-0

JULY 1, 2007 THROUGH JUNE 30, 2008

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

**AUDITED FINAL REVENUE AND EXPENDITURE REPORT  
for Support Contracts**

Agency Name: Human Response Network Vendor No. N677  
 Fiscal Year End: June 30, 2008 Contract No. CCIP-7066  
 Independent Auditor's Name: Nystrom & Company LLP

	COLUMN A	COLUMN B	COLUMN C
SECTION I - REVENUE	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs	0		0
Maintenance of Effort			0
Other (specify):			0
Subtotal Restricted Program Income	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			0
Parent fees for noncertified children			0
Other (specify):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
<b>TOTAL REVENUE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**SECTION II - EXPENDITURES**

REIMBURSABLE	\$0	\$0	\$0
1000 Certificated Salaries			16,281
2000 Classified Salaries	16,281		6,469
3000 Employee Benefits	6,469		1,459
4000 Books and Supplies	1,459		385
5000 Services and Other Operating Expenses	385		0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay	0	0	0
Other nonreimbursable expenses (specify):	0	0	0
Subtotal Expenses for Current Fiscal Year	24,594	0	24,594
Expenses Incurred in Prior Years			0
<b>TOTAL EXPENSES</b>	<b>\$24,594</b>	<b>\$0</b>	<b>\$24,594</b>
TOTAL ADMINISTRATIVE COST (included in section II above)			\$0

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:



Agency Name: HUMAN RESPONSE NETWORK, INC.

Vendor Number: 53-N677

Program Name: Resource & Referral

Contract Number: CCIP- 7066

SCHEDULE OF EQUIPMENT EXPENDITURES

Project Number: 53-N677-00-0

JULY 1, 2007 THROUGH JUNE 30, 2008

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

**AUDITED FINAL REVENUE AND EXPENDITURE REPORT  
for Support Contracts**

Agency Name: Human Response Network Vendor No. N677

Fiscal Year End: June 30, 2008 Contract No. CHST-7066

Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs	0		0
Maintenance of Effort			0
Other (specify):			0
<b>Subtotal Restricted Program Income</b>	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			0
Parent fees for noncertified children			0
Other (specify):			0
<b>Subtotal Revenue for Current Fiscal Year</b>	0	0	0
<b>Revenue Earned in Prior Years</b>			0
<b>TOTAL REVENUE</b>	\$0	\$0	\$0

**SECTION II - EXPENDITURES**

REIMBURSABLE	\$0	\$0	\$0
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	0		0
5000 Services and Other Operating Expenses	1,368		1,368
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay	0	0	0
Other nonreimbursable expenses (specify):	0	0	0
<b>Subtotal Expenses for Current Fiscal Year</b>	1,368	0	1,368
<b>Expenses Incurred in Prior Years</b>			0
<b>TOTAL EXPENSES</b>	\$1,368	\$0	\$1,368
<b>TOTAL ADMINISTRATIVE COST</b> (included in section II above)	\$0		\$0

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

Agency Name: HUMAN RESPONSE NETWORK, INC.

Vendor Number: 53-N677

Program Name: Resource & Referral

Contract Number: CHST- 7066

SCHEDULE OF EQUIPMENT EXPENDITURES

Project Number: 53-N677-00-0

JULY 1, 2007THROUGH JUNE 30, 2008

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

**AUDITED FINAL FISCAL REPORT**  
for Alternative Payment or Family Child Care Home Programs

Agency Name: Human Response Network

Vendor No. N677

Fiscal Year End: June 30, 2008

Contract No. CECT-7066

Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Child Care Food/National School Lunch Program	302	\$0	\$0	\$0
Restricted income for operating costs	306	0		0
Cal Learn Program	308			0
Maintenance of Effort	339			0
Other:	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	310			0
PARENT FEES FOR CERTIFIED CHILDREN	329			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			0
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356			0
Other:	362			0
<b>TOTAL REVENUE</b>	390	\$0	\$0	\$0

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				\$0
Direct Payments to Providers	401			
1000 Certificated Salaries	402	12,809		12,809
2000 Classified Salaries	404	9,178		9,178
3000 Employee Benefits	406	604		604
4000 Books and Supplies	408	3,238		3,238
5000 Services and Other Operating Expenses	412	0		0
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Equipment Replacement (program-related)	416	0		0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			0
Other:	489			0
<b>TOTAL EXPENSES</b>	490	\$25,829	\$0	\$25,829
<b>TOTAL ADMINISTRATIVE COST</b> (included above)	690	\$0		\$0
<b>DAYS OF OPERATION</b>	169	249		249

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

Fiscal Year Ended June 30, 2008

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**AUDITED FINAL FISCAL REPORT**  
for Alternative Payment or Family Child Care Home Programs

Agency Name: Human Response Network Vendor No. N677  
Fiscal Year End: June 30, 2008 Contract No. CSCC-7318  
Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Child Care Food/National School Lunch Program	302	\$0	\$0	\$0
Restricted income for operating costs	306	0		0
Cal Learn Program	308			0
Maintenance of Effort	339			0
Other:	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	310			0
PARENT FEES FOR CERTIFIED CHILDREN	329			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			0
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356			0
Other:	362			0
<b>TOTAL REVENUE</b>	390	\$0	\$0	\$0

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				\$0
Direct Payments to Providers	401			0
1000 Certificated Salaries	402			0
2000 Classified Salaries	404			0
3000 Employee Benefits	406			0
4000 Books and Supplies	408			0
5000 Services and Other Operating Expenses	412	2,007		2,007
6100/6200 Other Approved Capital Outlay	413	280		280
6400 New Equipment (program-related)	414			0
6500 Equipment Replacement (program-related)	416			0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			0
Other:	489			0
<b>TOTAL EXPENSES</b>	490	\$2,287	\$0	\$2,287
TOTAL ADMINISTRATIVE COST (included above)	690			\$0
DAYS OF OPERATION	169			0

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

Agency Name: HUMAN RESPONSE NETWORK, INC.

Vendor Number: 53-N677

Program Name: Resource & Referral

Contract Number: CSCC- 7318

SCHEDULE OF EQUIPMENT EXPENDITURES

Project Number: 53-N677-00-0

JULY 1, 2007 THROUGH JUNE 30, 2008

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

**AUDITED FINAL FISCAL REPORT**  
for Alternative Payment or Family Child Care Home Programs

Agency Name: Human Response Network

Vendor No. N677

Fiscal Year End: June 30, 2008

Contract No. CCAP-7484

Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Child Care Food/National School Lunch Program	302		\$0	\$0
Restricted income for operating costs	306			0
Cal Learn Program	308			0
Maintenance of Effort	339			0
Other:	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	310			0
FAMILY FEES FOR CERTIFIED CHILDREN	329			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			0
NON-RESTRICTED INCOME				0
Parent fees for noncertified children	356			0
Other:	362			0
<b>TOTAL REVENUE</b>	390	\$0	\$0	\$0

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				
Direct Payments to Providers	401	\$0	\$0	\$0
1000 Certificated Salaries	402			0
2000 Classified Salaries	404			0
3000 Employee Benefits	406			0
4000 Books and Supplies	408	0		0
5000 Services and Other Operating Expenses	412	2,511		2,511
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Equipment Replacement (program-related)	416			0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				0
6100-6500 Nonreimbursable capital outlay	479			0
Other:	489			0
<b>TOTAL EXPENSES</b>	490	\$2,511	\$0	\$2,511
<b>TOTAL ADMINISTRATIVE COST</b> (included above)	690	\$0	\$0	\$0
<b>DAYS OF OPERATION</b>	169	249		249

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:



Contract Number: CCAP- 7484

SCHEDULE OF EQUIPMENT EXPENDITURES

Project Number: 53-N677-00-9

Fiscal Year Ended June 30, 2008

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

**AUDITED FINAL FISCAL REPORT**  
for Alternative Payment or Family Child Care Home Programs

Agency Name: Human Response Network Vendor No. N677  
Fiscal Year End: June 30, 2008 Contract No. CIMS-7726  
Independent Auditor's Name: Nystrom & Company LLP

SECTION I - REVENUE	EDP NO.	Column A	Column B	Column C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Child Care Food/National School Lunch Program	302		\$0	\$0
Restricted income for operating costs	306			0
Cal Learn Program	308			0
Maintenance of Effort	339			0
Other:	312			0
<b>SUBTOTAL</b>	311	0	0	0
TRANSFER FROM RESERVE FUND	310			0
FAMILY FEES FOR CERTIFIED CHILDREN	329			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			0
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356			0
Other:	362			0
<b>TOTAL REVENUE</b>	390	\$0	\$0	\$0

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				
Direct Payments to Providers	401	\$0	\$0	\$0
1000 Certificated Salaries	402			0
2000 Classified Salaries	404			0
3000 Employee Benefits	406			0
4000 Books and Supplies	408	2,949		2,949
5000 Services and Other Operating Expenses	412			0
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Equipment Replacement (program-related)	416			0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Indirect Costs -- Rate: 0.00%	459			0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			0
Other:	489			0
<b>TOTAL EXPENSES</b>	490	\$2,949	\$0	\$2,949
TOTAL ADMINISTRATIVE COST (included above)	690	\$0	\$0	\$0
<b>DAYS OF OPERATION</b>	169	249		249

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

Fiscal Year Ended June 30, 2008

EXPENDITURES UNDER \$5000 UNIT COST		EXPENDITURES OVER \$5000 UNIT COST WITH CDE APPROVAL		EXPENDITURES OVER \$5000 UNIT COST WITHOUT CDE APPROVAL	
COST	ITEM	COST	ITEM	COST	ITEM
	None To Report				

**AUDITED FINAL RESERVE ACCOUNT CASH ACTIVITY REPORT  
RESOURCE & REFERRAL PROGRAMS**

Agency Name: Human Response Network

Fiscal Year End: June 30, 2008

Vendor No. N677

Federally Insured Bank Name: Scott Valley Bank

Independent Auditor's Name: Nystrom & Company LLP

RESOURCE & REFERRAL RESERVE ACCOUNT	COLUMN A	COLUMN B	COLUMN C
	PER AGENCY'S ACCOUNTING LEDGER	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT
<b>BEGINNING CASH BANK BALANCE - Last Fiscal Year's</b>			
<b>Ending Cash Bank Balance (Not from CDFS 9530)</b>	\$1,326	\$0	\$1,326
<b>PLUS CASH DEPOSITED TO RESERVE ACCOUNT</b>			
<b>FROM CONTRACT(S) - During Fiscal Year Being Audited:</b>			
Contract No. CRPP 5068	0		0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Reserve Account		0	0
<b>SUBTOTAL</b>	1,326	0	1,326
<b>PLUS INTEREST DEPOSITED TO RESERVE ACCOUNT - During Fiscal Year Being Audited:</b>			
	29		26
<b>LESS CASH WITHDRAWN FROM RESERVE ACCOUNT</b>			
<b>FOR CONTRACT(S) - During Fiscal Year Being Audited:</b>			
Contract No. CRRP 6067	0		0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Reserve Account	0	0	0
<b>ENDING CASH BANK BALANCE - Fiscal Year Being Audited</b>	\$1,355	\$0	\$1,272

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

**AUDITED FINAL RESERVE ACCOUNT CASH ACTIVITY REPORT  
CENTER BASED PROGRAMS**

Agency Name: Human Response Network

Fiscal Year End: June 30, 2008

Vendor No. N677

Federally Insured Bank Name: Scott Valley Bank

Independent Auditor's Name: Nystrom & Company LLP

CENTER BASED RESERVE ACCOUNT	COLUMN A	COLUMN B	COLUMN C
	PER AGENCY'S ACCOUNTING LEDGER	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT
<b>BEGINNING CASH BANK BALANCE - Last Fiscal Year's Ending Cash Bank Balance (Not from CDFS 9530)</b>	\$58,523	\$0	\$58,523
<b>PLUS CASH DEPOSITED TO RESERVE ACCOUNT FROM CONTRACT(S) - During Fiscal Year Being Audited:</b>			
Contract No. CCTR-5464	0	0	0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Reserve Account	0	0	0
<b>SUBTOTAL</b>	<b>58,523</b>	<b>0</b>	<b>58,523</b>
<b>PLUS INTEREST DEPOSITED TO RESERVE ACCOUNT - During Fiscal Year Being Audited:</b>			
	1,266		1,266
<b>LESS CASH WITHDRAWN FROM RESERVE ACCOUNT FOR CONTRACT(S) - During Fiscal Year Being Audited:</b>			
Contract No. CCTR-5464			0
Contract No.			0
Contract No.	0		0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Reserve Account	0	0	0
<b>ENDING CASH BANK BALANCE - Fiscal Year Being Audited</b>	<b>\$59,789</b>	<b>\$0</b>	<b>\$59,789</b>

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

**AUDITED FINAL RESERVE ACCOUNT CASH ACTIVITY REPORT  
ALTERNATIVE PROGRAMS**

Agency Name: Human Response Network

Fiscal Year End: June 30, 2008

Vendor No. N677

Federally Insured Bank Name: Scott Valley Bank

Independent Auditor's Name: Nystrom & Company LLP

ALTERNATIVE PAYMENT RESERVE ACCOUNT	COLUMN A	COLUMN B	COLUMN C
	PER AGENCY'S ACCOUNTING LEDGER	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT
<b>BEGINNING CASH BANK BALANCE - Last Fiscal Year's Ending Cash Bank Balance (Not from CDFS 9530)</b>	\$4,480	\$0	\$5,374
<b>PLUS CASH DEPOSITED TO RESERVE ACCOUNT FROM CONTRACT(S) - During Fiscal Year Being Audited:</b>			
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Reserve Account	0	0	0
<b>SUBTOTAL</b>	4,480	0	5,374
<b>PLUS INTEREST DEPOSITED TO RESERVE ACCOUNT - During Fiscal Year Being Audited:</b>			
	97		97
<b>LESS CASH WITHDRAWN FROM RESERVE ACCOUNT FOR CONTRACT(S) - During Fiscal Year Being Audited:</b>			
Contract No. CAPP 6084			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Reserve Account	0	0	0
<b>ENDING CASH BANK BALANCE - Fiscal Year Being Audited</b>	\$4,577	\$0	\$4,462

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

HUMAN RESPONSE NETWORK, INC.  
NOTES TO THE SUPPLEMENTARY INFORMATION  
JUNE 30, 2008

NOTE 1 FUND ACCOUNTING

The Organization maintains its books and records on a fund accounting basis. However, the fund accounting basis is only utilized for revenues and expenses. Due to this, the Organization has not included a combining statement of financial position or a combining statement of changes in net assets by CDE program.

SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' REPORTS ON INTERNAL CONTROL  
AND COMPLIANCE REQUIRED BY  
GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO,  
AND OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133

Schedule of Expenditures of Federal and  
California Department of Education Awards

Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards*

Independent Auditors' Report on Compliance with  
Requirements Applicable to Each Major  
Program and on Internal Control Over Compliance  
in Accordance with OMB Circular A-133

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**



HUMAN RESPONSE NETWORK, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AND CALIFORNIA  
DEPARTMENT OF EDUCATION AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	HRN Number	Program or Award Amount	Federal Revenue Recognized	Federal Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>						
Passed through California Department of Education:						
Child Nutrition & Food Distribution Division:						
Child and Adult Care Food Program - Centers	10.558	53-2317-5A	4500(26)	\$ 160,923	\$ 171,653	\$ 170,709
Child and Adult Care Food Program - Homes	10.558	53-2317-5F	3900	68,715	68,715	68,715
Total U.S. Department of Agriculture						239,424
<u>U.S. Department of Justice</u>						
Direct Award - Office of Emergency Services:						
Crime Victim Assistance	16.575	DV07221193	100	185,452	182,452	182,452
Crime Victim Assistance	16.575	RC07171193	300	111,596	111,596	111,596
Total U.S. Department of Justice						294,048
<u>U.S. Department of Health &amp; Human Services</u>						
Passed through State of California Dept. of Community Services & Development/County of Glenn:						
Community Services Block Grant/Shelter	93.569	05-F-1911	500	10,000	9,831	9,831
Passed through California Department of Education:						
Child Care and Development Block Grant	93.575	CAPP-7084	3500	477,382	339,250	339,250
Child Care and Development Block Grant	93.575	C2AP-7073	6000	16,228	-	-
Child Care and Development Block Grant	93.575	C3AP-7073	6200	2,011	-	-
Child Care and Development Block Grant	93.575	CIMS-7725	6300	-	617	617
Child Care and Development Block Grant	93.575	CCAP-7484	6350	2,577	2,511	2,511
Child Care and Development Block Grant	93.575	CIMS-7726	6400	3,603	2,949	2,949
Child Care and Development Block Grant	93.575	CCEL-7052	6500	10,153	10,153	10,153
Child Care and Development Block Grant	93.575	CCIP-7066	4100	49,188	24,593	24,593
Child Care and Development Block Grant	93.575	CECT-7066	5400	88,179	25,829	25,829
						405,902
Prevention Health and Health Services Block Grant	93.991	CHST-7066	3700	7,177	1,368	1,368
Total U.S. Department of Health & Human Services						417,101
<u>U.S. Department of Homeland Security</u>						
Direct Award FEMA National Board Program:						
Emergency Food and Shelters National Board Program	97.024	17-0920-0002	1700	10,682	9,294	9,294
Total U.S. Department of Homeland Security						9,294
TOTAL FEDERAL PROGRAMS				\$ 1,203,866	\$ 960,811	\$ 959,867

(Continued on following page)

HUMAN RESPONSE NETWORK, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AND CALIFORNIA  
DEPARTMENT OF EDUCATION AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

State Grantor/Pass-Through Grantor Program Title	Grant Number	HRN Number	Program or Award Amount	State Revenue Recognized	State Disbursements/ Expenditures
Child Development Division:					
General Center Child Care	CCTR-7426	5600	\$ 190,788	\$ 183,748	\$ 168,072
Family Child Care Homes	CFCC-7034	5500	697,638	546,422	546,422
Resource & Referral	CRRP-7067	3000	165,451	172,088	172,088
School Age Resource	CSCC-7067	3200	2,403	2,287	2,287
TOTAL CALIFORNIA DEPARTMENT OF EDUCATION PROGRAMS			<u>\$ 1,056,280</u>	<u>\$ 904,545</u>	<u>\$ 888,869</u>

Note: The schedule of expenditures of federal and California Department of Education awards is prepared on the accrual basis of accounting.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Human Response Network, Inc.  
Weaverville, California

We have audited the financial statements of Human Response Network, Inc. (the Organization) (a nonprofit organization), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Human Response Network, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency noted above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Human Response Network, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Nystrom & Company LLP*

December 10, 2008

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Human Response Network, Inc.  
Weaverville, California

Compliance

We have audited the compliance of Human Response Network, Inc. (a nonprofit organization), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. Human Response Network, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Human Response Network, Inc.'s management. Our responsibility is to express an opinion on Human Response Network, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Human Response Network, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Human Response Network, Inc.'s compliance with those requirements.

In our opinion, Human Response Network, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

### Internal Control Over Compliance

The management of Human Response Network, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Nystrom & Company LLP*

December 10, 2008

HUMAN RESPONSE NETWORK, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Human Response Network, Inc.
2. A significant deficiency relating to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Human Response Network, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program for Human Response Network, Inc. expresses an unqualified opinion.
6. Audit findings, if any, that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. The program tested as a major program was the Child Care and Development Block Grant, CFDA No. 93.575.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Human Response Network, Inc. was determined to be a low-risk auditee.

HUMAN RESPONSE NETWORK, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

**SIGNIFICANT DEFICIENCY**

**Condition and Effect:** During our audit, we noted several accounts that required material adjustments in order for them to be presented in conformity with U.S. generally accepted accounting principles, which is an indication that internal controls over financial reporting are not adequate to prevent or detect material misstatement of the financial statements.

**Management Response:** The Organization has revamped its fiscal software and with the assistance of an outside consultant intends to eliminate the need for the material adjustments noted above. The Organization intends to complete this by the end of the 2010 fiscal year.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

NONE



HUMAN RESPONSE NETWORK, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2008

NONE

